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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

27 September 1974

MEMORANDUM FOR: Mr. Stephen Bosworth
Acting Director, Office of Fuels
and Energy
State Department

SUBJECT : The International Energy Program
and Project Independence

Attached is a response to your request for an analysis
of the International Energy Program and Project Independence.
We will be pleased to provide any further analyses you may
require.



Office of Economic Research

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Project Independence and the
International Energy Program

Until Project Independence greatly reduces US dependence on oil imports, the International Energy Program (IEP) will substantially reduce US losses from some oil embargoes. In 1973, for example, the US imported 35% of the oil it consumed. Thus under three alternative scenarios, an embargo in 1973 of half our oil imports would have reduced our oil consumption by:

- eighteen percent, had we absorbed the full impact of the embargo;
- eight percent, had we instituted the IEP before the embargo; and
- seven percent, had we instituted the IEP before the embargo and had we substituted domestic production for half our 1973 oil imports.

A combination of the IEP and a substantial success on Project Independence would, therefore, have softened the embargo loss from 18% of our oil consumption to 7%. But the IEP alone would have cut the loss from 18% to 8%. During other possible embargoes, the IEP and Project Independence would have interacted to produce different results (see Table 1).

Table 1

Joint Effects of the IEP* and Project Independence During
Hypothetical Oil Embargoes in 1973

US Oil Imports as a Percent of 1973 U.S. Oil Consumption	Percentage Cuts in 1973 US Oil Consumption Caused by:							
	25% Embargo of US Oil Imports		50% Embargo of US Oil Imports		75% Embargo of US Oil Imports		100% Embargo of US Oil Imports	
	With the IEP	Without the IEP	With the IEP	Without the IEP	With the IEP	Without the IEP	With the IEP	Without the IEP
35**	7.0	8.8	8.1	17.5	11.9	26.3	14.4	35.0
30	7.0	7.5	7.3	15.0	9.3	22.5	12.7	30.0
25	6.3	6.3	7.0	12.5	8.1	18.8	11.2	25.0
20	5.0	5.0	7.0	10.0	7.2	15.0	8.2	20.0
15	3.8	3.8	7.0	7.5	7.0	11.3	7.2	15.0
10	2.5	2.5	5.0	5.0	7.0	7.5	7.0	10.0
5	1.3	1.3	2.5	2.5	3.8	3.8	5.0	5.0

* We assume that each member nation of the Energy Coordinating Group participates in the IEP.

** In 1973 the US actually imported 6 million barrels of oil per day, or 35% of its total oil consumption.